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U.S. Drug Plan Needs to Correct LI Inequities

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In the next week, House and Senate committees will begin fleshing out President George W. Bush's Medicare prescription drug outline. His proposed framework depends largely upon partnerships with private health-care providers to deliver affordable health care for seniors.

But, unless we learn from the failed Medicare experience on Long Island, the prescription drug nightmare of Nassau and Suffolk seniors will become a national problem. Though Bush's plan is still only a broad sketch, it appears to be drawing on the experience of Long Island's crisis.

Since the mid-1990s, many Long Island seniors have depended upon a program called Medicare+Choice for coverage not included in the traditional "fee-for-service" plan, including prescription drugs. The Medicare+Choice program works analogously to the way that standard private insurance plans operate: The federal government, through Medicare, is in a comparable position to the employer, providing most of the money for coverage, and the senior, like an employee, pays a regular premium. For many Long Island seniors, the program promised an affordable way to get health care, including prescription drugs, which are not covered by Medicare.

Unfortunately, Long Island seniors hardly had a chance to get used to the benefits of this program before the rug was pulled from underneath them beginning six years ago. More than 85,000 Long Island seniors have been dropped from Medicare+Choice HMOs. Those seniors still covered have suffered dramatic increases in their premiums, forcing even more off the rolls.

The problem lies in the complex formula Medicare uses to determine the amount at which the HMOs are reimbursed for their enrolled seniors in each particular area. That formula does not account for the high cost of health care on Long Island and in other suburban areas around the country.

For example, the average Medicare HMO reimbursement is $649 a month in Suffolk, $681 a month in Nassau and $828 a month in Manhattan. The result? Medicare HMOs abandoned seniors at lower reimbursements because they could make more money in urban areas. This problem is not unique to Long Island. In Pennsylvania, for instance, Philadelphia's average reimbursement rate is $818 while

suburban Bucks County's is $669. More than 1 million seniors - many living in suburban areas - have lost their HMO coverage as a result of this exodus to the bottom line.

Last year we developed joint legislation that would resolve this disparity. Our language would stabilize the program by tying reimbursement rates to actual local costs, instead of arbitrary reimbursement formulas.

The provision passed in the House on June 28, 2002. The Senate version passed the Senate Finance Committee, but then Congress adjourned.

Now, the legislative clock has been reset, and the president has just offered his kickoff Medicare prescription drug proposal. Because of the president's dependence on private plans, the proposal can go one of two ways: It can either nationalize the problems we have had on Long Island with the Medicare+Choice program or it can reform the system and provide a good system for Long Island seniors.

While the president's plan relies heavily on these same Medicare HMOs or private plans to provide services to seniors, it seems to have learned from the lessons of Long Island. It would force the plans to operate in an entire region as opposed to individual counties. Therefore, plans could no longer "cherry-pick" from high-reimbursement counties while leaving Nassau and Suffolk seniors behind. This might end the inequitable, geographic discrimination against seniors.

That provision seems encouraging, but it lacks detail. In 1997 Congress plunged into the Medicare HMO experiment as the solution to modernizing and improving accessibility and affordability of the Medicare program. Six years later, the details turned out to be dismal. Medicare costs were not restrained; 40 million seniors are without prescription drug coverage; and one out of every five seniors skip medication because they can't afford them.

We cannot make the same mistake twice. This time, the lessons of Long Island can instruct the president and Congress on what not to do. Privatization is not the answer. Relying on Medicare HMOs without ending discriminatory reimbursements will simply nationalize the nightmare that Long Island seniors have endured.